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Chairman: Mr. MONGBE (Benin)

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CONCLUSION OF THE GENERAL DEBATE

AGENDA ITEM 91: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (A/48/140, A/48/172, A/48/205-S/25923, A/48/209-S/25937, A/48/222, A/48/291-S/26242, A/48/309, A/48/331, A/48/337, A/48/338, A/48/350, A/48/353-S/26372, A/48/379-S/26411, A/48/380)

(j) INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY (A/48/317, A/48/445-S/26501)

AGENDA ITEM 97: INTERNATIONAL CONFERENCE ON THE FINANCING OF DEVELOPMENT (A/48/182, A/48/338, A/48/367)

1. Mr. PENNANEACH (Togo) said that, in spite of the hopes that had been raised by the end of the cold war, all of mankind - especially the African countries - was suffering great hardships. The world economic crisis was deepening and the gap between North and South continued to widen.

2. As the World Economic Survey, 1993 indicated, per capita production in Africa continued to decline. Moreover, population growth in developing countries exacerbated the problem of poverty; that was why his delegation attached great importance to the International Conference on Population and Development.

3. Urgent measures should be taken to restructure international economic relations on a more equitable basis, since exports from developing countries continued to be subjected to stiff protectionist measures that negated the development efforts of those countries. Another obstacle was the constant decline of commodity prices and the deterioration of terms of trade to the detriment of the developing countries.

4. The new model for cooperation should seek to open markets, take measures against arbitrary restrictions and the fall of commodity prices and create a diversification fund for the commodities of poor countries. The time had come to renew the North-South dialogue and to liberalize trade, and it was therefore necessary to conclude the Uruguay Round as soon as possible. The collapse of commodity prices and the crushing debt-service burden had aggravated the economic and social situation, particularly in the least developed countries, most of which were in Africa. In those countries, poverty was widespread and, in order to alleviate the crisis, the Governments had undertaken courageous macroeconomic reforms, which, unfortunately, had not produced the expected results. It was therefore necessary to re-examine the structural adjustment programmes by concentrating on ways of alleviating the debt burden. The proposals made at Tokyo in July 1993 by the Group of Seven should be further developed. In that regard, it was important to bear in mind General Assembly resolution 47/198, which invited donor countries and multilateral financial institutions to adopt new measures with a view to easing the debt and debt-service burden of the developing countries. The industrialized countries should also make the necessary effort, in accordance with Assembly resolution 47/197,

(Mr. Pennaneach, Togo)

to allocate 0.7 per cent of their gross national product (GNP) for official development assistance (ODA).

5. Since many African countries suffered from absolute poverty, urgent measures should be taken to carry out the various programmes and plans of action to promote development that had already been adopted, in particular the United Nations New Agenda for the Development of Africa in the 1990s, which had not yet been implemented.

6. If it was true that each country was responsible for the success of Agenda 21, it was also true that sustainable development required additional financial resources and the transfer of appropriate technologies. The Commission on Sustainable Development should heighten awareness about Agenda 21 in order to promote the implementation of that programme, which had been adopted at the United Nations Conference on Environment and Development. In that regard, Togo welcomed the progress that had been made by the Intergovernmental Negotiating Committee for the elaboration of an international convention to combat desertification in those countries experiencing serious drought and/or desertification, particularly in Africa.

7. It was clear that the human person should be at the centre of development, and the Secretary-General's elaboration of a Programme of Action for the Least Developed Countries for the 1990s was a particularly useful initiative. However, it was necessary to coordinate activities in order to ensure that the Programme of Action did not overlap with the well-defined objectives of Agenda 21. In that regard, his delegation supported the proposal made by the representative of Brazil to hold informal discussions to avoid duplication.

8. The elimination of poverty, the stabilization of job markets, the search for solutions to the debt problem and the opening of world markets to the products of developing countries were challenges that the international community and the United Nations system should endeavour to meet through better defined multilateral cooperation and the restructuring of the Organization in the economic and social fields, in accordance with General Assembly resolution 45/177. That was a long-term undertaking, but persisting on the path of injustice would inevitably lead to calamity; that was why, in order to avert the threats looming on the horizon, the only solution was to strengthen international solidarity.

9. Mr. GUERRERO (Philippines) said that, in formulating its draft resolutions, the Committee should strive for quality rather than quantity and ensure that the draft resolutions were action-oriented. In the case of non-implemented suggestions, the Committee should consider what measures it could take to ensure their implementation. Moreover, the Committee could consolidate related issues in one resolution.

10. His delegation stressed three concepts that seemed to be of particular interest. The first concerned people empowerment, the conviction that the human person should be at the centre of development activities and the need to improve the quality of life of all peoples. That concept was in line with the spirit of the Charter of the United Nations, as well as the declaration adopted by the General Assembly at its eighteenth special session, the International

(Mr. Guerrero, Philippines)

Development Strategy for the Fourth United Nations Development Decade, the Rio Declaration and the declaration of the Vienna World Conference on Human Rights.

11. All States should contribute to improving the quality of life of peoples and, in that context, to the eradication of poverty, since poverty constituted one of the main obstacles to that end. He therefore welcomed the proclamation, through the Committee's efforts, of the International Day for the Eradication of Poverty, which would be observed on 17 October.

12. Long-term measures for the eradication of poverty necessarily included programmes for national capacity-building and human resources development, which should enjoy the support of the international community. Such programmes were already an established part of the operational activities of the United Nations system and the Philippines supported the efforts made by the United Nations Development Programme (UNDP) and other international agencies to promote national capacity-building, particularly through the transfer of technology and privatization.

13. International competitiveness, the second concept, enhanced the national development of peoples, in accordance with the principle of comparative advantage, and encouraged the exchange of goods and services. An international order conducive to the development of free competition, in a spirit of peace, justice and collaboration, was more urgently required than ever before. For that reason, the Philippines deplored those policies and practices of developed countries which curtailed the competitiveness of other countries, for instance, their inflexible stand against debt relief, their trade-distorting subsidies and protectionist measures, their excessive tariff and non-tariff barriers and their investment bias in favour of other developed countries. The United Nations, inter alia, through the UNDP "Capacity 21" initiative and the United Nations Industrial Development Organization (UNIDO), could make a significant contribution to the promotion of international competitiveness, for instance by strengthening scientific and technological cooperation for industrial development and cooperation in the search for and utilization of water, mineral and other resources and new sources of energy, as well as in the areas of agriculture, fisheries and environmental conservation. In addition, each developing country should take advantage of all the means available through the United Nations system to strengthen its competitive potential.

14. The third concept was that of macroeconomic stability. The international economic situation was undoubtedly of decisive importance for the success or failure of any given country's development efforts. The fiscal and monetary policies of the industrialized countries had a great impact on the economies of the developing countries, and the developed countries should be more aware of the disruptive effects which their policies could have on the entire international economic order.

15. In order to ensure that developing countries had the necessary financial resources to guarantee their competitiveness at the international level, international economic cooperation should aim to give those countries better access to the markets of industrialized countries; to eliminate non-trade-related conditions which impeded their trade; to increase flows of ODA and to

(Mr. Guerrero, Philippines)

improve their targeting; and to forgive the debt of low- and middle-income countries, particularly when the principal had already been paid.

16. The agenda for development and the North-South dialogue were also matters which the Organization should pursue, but it could achieve results in those areas only if it showed a spirit of cooperation and good will.

17. Mr. TÜRK (Slovenia), noting that a number of countries were moving towards a market-economy system and, thus presenting a new reality for the world economy, recalled that, in its resolution 47/187, the General Assembly had recognized that the full integration of the economies in transition into the world economy should have a positive impact on world trade, economic growth and development, and that there was a need for the international community to support the successful process of bringing about economic reforms and restructuring of those economies. To that end, efforts should be made to guarantee access to world markets, to promote free trade and to strengthen regional economic cooperation.

18. Since gaining independence in 1991, Slovenia had attained a substantial degree of macroeconomic stability. The decrease in inflation, the annual rate of which was expected to be around 25 per cent by the end of 1993 and to continue to decline in 1994, and the positive results in foreign trade were nevertheless accompanied by a drop in production and increased unemployment. The priority goals of his Government's economic policy in 1993 were to strengthen macroeconomic stability and to create conditions for long-term growth. Where monetary policy was concerned, Slovenia had endeavoured to reduce interest rates, which had dropped from about 30 per cent at the beginning of 1992 to approximately 11 per cent in April 1993, and to exercise firmer control over exchange rates. Slovenia had also undertaken reforms designed to guarantee the safety of investments and to promote entrepreneurship. To that end, it had concluded a number of international treaties and had adopted a system of internal incentives for small and medium-sized enterprises. Another important aspect of Slovenia's integration into the world economy was its recent admission to the International Monetary Fund (IMF) and the World Bank and its forthcoming membership of the General Agreement on Tariffs and Trade (GATT).

19. The macroeconomic projections for the period 1994-1997 were based on a growth rate of 4 to 5 per cent towards the end of the period and the improvement in investment rates from the current 16 per cent to 21 per cent of GDP in 1997. Those projections were based on certain assumptions: a reduction of the current account surplus, a decline in the share of the public sector in GDP, and a moderate drop in private consumption in 1994. During the period until 1995, Slovenia would be launching major programmes in privatization, the restructuring of enterprises and the reorganization of the banking sector. Reforms would also be implemented in the public sector, inter alia, in pricing and anti-monopoly regulations. Those measures should begin to bear fruit after 1995.

20. In view of the increasing importance of the world economy and the internationalization of markets, it was essential to strengthen multilateral economic and technological cooperation in order to revitalize growth and sustain development, particularly in the developing countries.

(Mr. Türk, Slovenia)

21. The human factor was a vital element in the development process. It was therefore important to develop human resources and to ensure continuing training for the mobilization and use of financial and natural resources, and for the promotion and transfer of the technical skills indispensable for lasting development.

22. With regard to the development activities of the United Nations system, Slovenia commended the outstanding role played by UNDP through its development projects worldwide and it hoped to continue and to strengthen its cooperation with the Programme.

23. The United Nations Conference on Environment and Development (UNCED) had placed the concept of sustainable development among the priorities of the international community. Agenda 21 and the Conventions on climate change and biodiversity had transformed that concept into an international programme of action. Slovenia had supported the establishment of the Commission on Sustainable Development and the adoption of General Assembly resolution 47/191 on institutional arrangements to follow up UNCED. The first session of the Commission had confirmed the relevance of that body for the implementation of the various decisions taken at Rio.

24. The fundamental changes which had shaken the world over the previous few years had created great opportunities for the international community, while also posing formidable challenges. It was therefore vital to strengthen international economic cooperation and, for its part, Slovenia would actively contribute to that end.

25. Mr. OLISEMEKA (Nigeria) said that, despite the unprecedented changes which had recently taken place on the international scene, the establishment of peace and security and the founding of a new world order continued to be inhibited by political and ethnic conflicts, economic and social disorder and deepening poverty, particularly in developing countries. It was therefore necessary to find lasting solutions, since the consequences of inaction were incalculable.

26. The global economic situation remained uncertain and, with the exception of a few countries, the general outlook was not encouraging. Recovery in the developed countries had failed to materialize and the contrast between economic progress in some countries and regression and stagnation in others was a constant feature of the global economic environment. Although the situation was very much at variance with the aims embodied in the Charter of the United Nations, it should be acknowledged that it would have been worse without the United Nations. The Organization's contribution was crucial and should be reinforced.

27. The African countries continued to be weighed down by the burden of external debt, which had amounted to approximately $280 billion at the end of 1992, a figure which was equivalent to 150 per cent of that continent's aggregate export revenues. Moreover, servicing the debt had consumed about 24 per cent of that revenue. It was now recognized that debt-management initiatives had not been sufficient to revitalize the economies of those countries. In the circumstances, the African countries and their partners

(Mr. Olisemeka, Nigeria)

should continue to seek ways of significantly reducing debt stock and servicing. Vast resources should to be invested in programmes to upgrade productive capacities, modernize institutions and develop infrastructures. Moreover, the current impasse in the negotiations of the Uruguay Round was viewed with serious concern in Africa, which attached great importance to the expansion of international trade and the elimination of protectionist barriers.

28. His country believed that, within the context of the agenda for development, the United Nations should endeavour to enhance awareness of the need for an integrated approach to development which would take account of specific national and regional circumstances. Such an approach implied that there need be no trade-off between efficiency and equity and that economic growth did not necessarily imply high social costs. An agenda for development should accordingly focus on peace, political stability, participatory governance and cooperation for sustainable development.

29. Priority must be given to the needs of the poorest countries and regions. The eradication of poverty required both substantial transfers of resources from the developed countries and an increased determination on the part of the developing countries to improve economic management and combat social and economic inequalities. In that regard, clearer goals should be defined, within a specific time-frame, in particular the elimination of hunger and malnutrition by the year 2000. Earnings from commodity exports must be increased so that they could contribute more adequately to the development of third world countries, and the developed countries must abandon protectionism. Those objectives, as well as others relating to manufactured goods and the reform of the international monetary system, called for considerable transfers of funds.

30. His country believed that whatever their differences, the developed and developing countries had mutual interests. It was therefore imperative, as a matter of urgency, to take concrete steps to prevent the world situation from deteriorating still further.

31. Mr. AWOONOR (Ghana) said that the Committee was beginning its work at a time when the global economic outlook was extremely gloomy. Reforms which the developing countries had had to introduce under various structural adjustment programmes had imposed considerable hardship on their populations. Economic stabilization measures had had the effect of raising prices; subsidies on which disadvantaged segments of the population depended had been removed; and many infant industries had been wiped out owing to the dumping of cheap goods from abroad. The great sacrifices being made by the developing countries would, however, be in vain if the imbalances in international economic relations were not redressed and if the world economy, which was dominated by the rich countries, was not reformed. Measures should be taken to strengthen international cooperation, coordinate macroeconomic policies and increase the participation of the developing countries in the global economic mainstream. Moreover, the efforts of the developing countries to revitalize their economic growth would yield little benefit if the system of international trade impeded the access of their goods to the markets of the developed countries. the developing countries could realize their comparative advantage in certain products only if they were able to increase their share of world trade within an equitable, secure and non-discriminatory system of international trade.

(Mr. Awoonor, Ghana)

32. In order to revitalize their economic growth and speed up development, the developing countries must be provided with financial resources on a stable and adequate basis. In that regard, it was regrettable that most donor countries had not yet fulfilled their commitment to devote 0.7 per cent of their GNP to official development assistance. In that connection, he stressed the importance of development financing and endorsed the recent appeal by the Ministers of Foreign Affairs of the Group of 77 for the convening of an international conference on that topic.

33. In his report on the work of the Organization, the Secretary-General noted that the gap between the world's richest and poorest countries was widening, yet that shocking fact was more often than not greeted by indifference. Three years after the eighteenth special session of the General Assembly, concerted international action had still not been taken to revitalize the economic growth of the developing countries.

34. At its forty-seventh session, the General Assembly had taken an important initiative in requesting the Secretary-General to set out the United Nations approach to development as a basis for a new international initiative to address the issues of development.

35. The formulation of a set of proposals to help the developing countries to emerge from underdevelopment required not only the building of a significant international consensus around a new partnership between developed and developing countries, but also establishment of the principles of equity and solidarity as the basis for that new cooperation. The increasing interdependence of States strengthened the sense of purpose of the United Nations to ensure the active participation of all countries in the global economy on the basis of shared responsibility and mutual commitment.

36. The right to development, as enunciated in the Rio Declaration of the United Nations Conference on Environment and Development, required each country to be responsible for its own economic policies in accordance with its own specific situation. However, the revitalization of economic growth also required a concerted effort on the part of the international community. The United Nations should therefore endeavour to mobilize international efforts to pursue a new approach to development.

37. The agenda of the United Nations should be built on a new partnership based on the recognition of sovereign equality, mutual interest and shared responsibilities. A central feature of that partnership would be the strengthening of multilateral cooperation.

38. In order to take a realistic approach to development it was essential to recognize the primacy of the United Nations in the development dialogue. The Organization must endeavour to instigate new approaches to economic and social policy and collaborate more closely with the Bretton Woods institutions.

39. Aid and development policies should be redefined in a new framework in which poverty eradication, the advancement of women, and environmental protection received primary attention. The conditionality of external assistance and the attempts to link it to economic performance had devastating

(Mr. Awoonor, Ghana)

consequences for the developing countries which depended on external sources of finance. The solution of those problems would require the creation of a favourable world economic environment and the launching of a new initiative in which the United Nations would take the lead and act as the main intermediary between developed and developing countries.

40. A constructive dialogue must be established between North and South in order to identify areas of mutual interest and establish mutual commitments. There too, the United Nations should encourage a new philosophy for development which would restructure North-South production relations and remove the unbalanced production structures and the obstacles to the ending of poverty in the world.

41. The progress made in managing the debt of the developing countries remained insufficient. A large number of developing countries, particularly in Africa, still had to bear the debt burden. Additional measures to improve debt management were therefore required. The Paris Club, for example, should relax its early eligibility conditions in order to bring in a large number of low-income countries. In fact, the best way for the developed countries to relaunch the world economy and eliminate poverty would be to create a debt-consolidation mechanism.

42. The United Nations remained the most appropriate forum for addressing economic and developmental issues which threatened international peace and security. The Secretary-General should apply to that issue the same vigour as he had demonstrated in peace-keeping matters. His peace-keeping efforts would be enhanced if he placed development and poverty eradication at the top of his agenda and if he took the necessary action to ensure that the key players recognized their responsibilities and realized that the world would never know peace as long as underdevelopment persisted. All countries, and in particular the developing ones, should support such an initiative. The United Nations must move to centre stage to resolve the development issue which had been ignored for so long by the international community.

43. Mr. GERVAIS (Côte d'Ivoire) said that, given the deterioration in the economic and social situation in the world, there was now agreement on the need for a fundamental revision of socio-economic policies and international cooperation. New ideas were emerging, and it was now accepted that democracy, economic liberalism, environmental protection, the protection of human rights, and population were all factors which must be taken into account in order to ensure economic and social progress. Now that those principles were accepted, they must be translated into concrete measures to promote development, and it was the Committee's task to draw the attention of the General Assembly to that point.

44. If the World Economic Survey was correct, the developed countries could provide only a weak growth pole for the rest of the world; they were nevertheless the keystone of any large-scale action to relaunch growth. That was why the developing countries expected initiatives from them - including the liberalization of international trade - and a greater political will stemming from a necessary feeling of solidarity in the face of world problems.

(Mr. Gervais, Côte d'Ivoire)

45. With the international situation in their favour the developing countries had played a leading role in the economic prosperity of the 1960s and 1970s and had made a far from negligible contribution to the performance of the world economy. Now that serious problems were impeding their economic and social progress, an effort must be made to provide solutions to those problems without delay. Unfortunately, the developing countries had difficulty in detecting on the part of the developed countries a determined political will commensurate with their expectations.

46. Many programmes and projects had of course been adopted, but it was now to be hoped that all the envisaged measures for the promotion of sustainable development would at last be put into effect. Global action must be taken as part of a coherent approach addressing all the aspects of poverty in the world.

47. The United Nations must now be able to play a leading role in the economic and social fields. Côte d'Ivoire welcomed the current negotiations on the restructuring of the Organization in the economic field, for they were evidence of the desire to enhance the effectiveness and rationalize the development activities of the United Nations system.

48. It had been difficult to reach a consensus on the appointment of a United Nations resident coordinator, and the Côte d'Ivoire hoped that satisfactory solutions would be found. It also hoped that the problems connected with the composition of the various organs in the United Nations system would be settled and it looked forward to the Secretary-General's proposals concerning the Agenda for Development.

49. Côte d'Ivoire hoped that the forthcoming big gatherings and conferences, in particular those concerning population, social development, human settlements, and the role of women in development, would lead to the adoption of concrete measures of benefit to the developing countries.

50. The CHAIRMAN said that the Committee had completed the general debate. He reviewed the main points raised and noted that a very large number of delegations had spoken; various useful suggestions had been made for rationalization of the Committee's work.

AGENDA ITEM 91: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (Part I) (A/48/140, A/48/172, A/48/205-S/25923, A/48/209-S/25937, A/48/222, A/48/291-S/26242, A/48/309, A/48/331, A/48/337, A/48/338, A/48/350, A/48/353-S/26372, A/48/379-S/26411, A/48/380)

(j) INTEGRATION OF THE ECONOMIES IN TRANSITION INTO THE WORLD ECONOMY (A/48/317, A/48/445-S/26501)

AGENDA ITEM 97: INTERNATIONAL CONFERENCE ON THE FINANCING OF DEVELOPMENT (A/48/182, A/48/338, A/48/367)

51. Mr. OSSA (Director, Department of Economic and Social Information and Policy Analysis) introduced the following four reports of the Secretary-General: the report on the impact of the recent evolution of the economies in transition on the world economy (A/48/331); the report entitled "Integration of the

economies in transition into the world economy: the role of the United Nations" (A/48/317); the report on economic stabilization programmes in developing countries (A/48/380); and the report on financing for development (A/48/367), and focused on the conclusions of each of the documents.

52. The conclusions of the first report (A/48/331) were as follows: the rapid and sustained growth of the world economy would substantially facilitate the transition process and would reduce its adverse effects on the developing countries. There was little doubt that in the long term the impact of the transition would be highly positive for the growth of the world economy and the overwhelming majority of the developing countries. However, there had been a perceptible shift in international attention from issues facing those countries. That attention should be more fairly distributed among the problems of the two groups of countries, with particular attention to certain developing countries, including Cuba, Mongolia and Viet Nam, whose trade and financial links to the countries in transition had been completely disrupted. Lastly, since the number of developing countries was increasing, it was critically important for donor countries to look for ways to increase the volume of aid they provided to them. ODA transfers to the countries in transition should be on a par with credits transferred to the developing countries.

53. The second report, on the integration of the economies in transition into the world economy (A/48/317), concluded that the integration of countries in transition into the world economy was the result of various factors: administrative decisions, international agreements, participation in the work of the United Nations system and multilateral institutions, and trade and financial links created by the interplay of market forces. As to the role of the United Nations, there was no doubt that the various United Nations bodies spared no effort to help accelerate the integration process. Nevertheless, new tasks called for new approaches and new forms of assistance. Experience had demonstrated that, for aid and cooperation to prove effective, the following three tenets must be applied: firstly, the transition economies themselves must carry out needs assessments covering both their domestic and group-wide situation, and they must establish their priorities for technical and financial assistance. Secondly, aid must be backed by the commitment of donors. Thirdly, donors must coordinate the technical and financial aid they delivered through clear sequencing.

54. The third report, on economic stabilization programmes in the developing countries (A/48/380) offered the following conclusions: the experience with stabilization and adjustment policies had been very diverse. While such policies had been successful in some countries, very often satisfactory growth did not materialize with the advent of macroeconomic adjustments. Recent experience indicated that whether or not successful adjustment created the conditions for the resumption of economic growth depended on three main factors: firstly, there had to be government commitment to a set of policies for a period of time sufficient to create a climate of confidence conducive to investments. Secondly, a more stable and predictable international environment was needed in which the rules of the game were transparent and observed by all. Thirdly, positive results would be achieved much more quickly with the more rapid growth of the world economy and adequate financial support for adjustment programmes. Effective external support enhanced the climate of confidence, attracted

(Mr. Ossa)

investors and was translated into increased income and savings, all elements which were mutually reinforcing and generated a positive chain reaction.

55. The last report (A/48/367), on financing for development, reviewed the efforts of the developing countries to promote domestic savings and secure the external resources they needed. Various policies were implemented to increase savings: restructuring of public expenditure, tax measures to increase government income, deregulation of the domestic capital market and measures to bring about macroeconomic stabilization. However, it was nearly impossible to apply such policies in low-income countries, including many countries in Africa, which were least able to attract foreign investments. Only external support could provide a solution.

56. However, the external official financing situation was very uneven. On the one hand, the multilateral financial institutions appeared to have sufficient resources for non-concessional flows. On the other hand, the outlook for concessional flows gave cause for concern: ODA had barely increased since the mid-1980s and there was no assurance that it would not decrease in the future. Given the multiplicity of current problems, the need for ODA was even greater. The commitment of the international community to ODA remained more indispensable than ever.

57. Mr. DIALLO (Director in Charge of the Division for Least Developed Land-Locked and Island Developing Countries of UNCTAD) introduced the report of the Secretary-General on the implementation of the recommendations of the report of the South Commission with special emphasis on South-South economic cooperation (A/48/350).

58. Since the 1950s developing countries viewed economic cooperation as an important factor in promoting trade expansion both among themselves and with third countries, expanding options available to them as they pursued their development objectives and facilitating their integration into the world economy. Unfortunately, as the report indicated, the past three decades of South-South cooperation had generated very few positive results.

59. However, South-South cooperation had gained new importance in the early 1990s as a result of the spectacular political and economic changes that had been taking place on the international scene, in particular, the shift to a market economy and the emergence of large trading blocs around the main global economic centres: the United States, the European Community and Japan. Those changes were prompting the developing countries to reconsider the problems of development and to view South-South cooperation as an essential element for reactivating growth and development in the South in response to the challenges of the 1990s.

60. The Commission's report highlighted the revival of South-South cooperation. An increasing number of initiatives had been launched by the developing countries during the past five years. At the sectoral level, for example, Governments of the South saw the value and need for cooperation in various fields, including food security. There also was evidence of renewed dynamism in subregional and regional cooperation and of acceleration of integration processes in Africa, Asia, Latin America and the Caribbean.

(Mr. Diallo)

61. Undoubtedly, South-South cooperation had entered a new, dynamic phase which would expand economic relations and strengthen political, social and cultural solidarity among developing countries. Maintaining the dynamism of that renewal in the 1990s and beyond required not only political will, but also, the implementation of specific programmes which could be translated into tangible results. The support of the international community also would be needed. Indeed, the recent changes introduced into the South-South cooperation process would enable the United Nations, multilateral financial institutions and developed countries to provide increased assistance. The report described the significant assistance to that process already provided by the Organization at various levels. It also emphasized that support for South-South cooperation must be monitored and analysed on a comprehensive and regular basis by the General Assembly of the United Nations.

62. Mr. JARAMILLO (Colombia), speaking on behalf of the Group of 77 and of the People's Republic of China, pointed out that the developing countries had on several occasions stated their position with regard to the evolution of countries in transition and the implications for themselves. The industrialized nations and the multilateral financial institutions should ensure that the allocation of resources to such countries did not result in a reduction or diversion of aid to the developing world. Though they had indeed given assurances to that effect, the flow of official development assistance (ODA) to third world countries had stagnated or even been reduced. The Organisation for Economic Cooperation and Development (OECD) had already recognized that certain European countries were eligible for ODA assistance, and others could be eligible for International Development Association (IDA) credits. That situation did not bode well for the developing countries, which had also introduced profound economic and political reforms, requiring significant investments, in particular in the struggle against poverty, and thus risked being excluded from financial flows and ODA. The United Nations should carefully monitor that issue and its implications for the developing world, and formulate corrective measures.

63. The principal obstacle facing economic stabilization programmes in developing countries was the prevailing international economic climate. Indeed, without sustained growth in the industrialized countries, the opening of their markets and an increasing flow of resources to third world countries, development of the latter would be neither stable nor durable. If stabilization programmes were to become politically viable, more attention must be paid to the social dimension of the adjustment process, to its effects on the most vulnerable groups and to the creation of appropriate social security mechanisms. The multilateral financial institutions should maintain stable policies and should not continually create new conditions for the mobilization of resources.

64. The developing countries could not be expected to implement economic stabilization programmes when the industrialized countries were manifestly incapable of rectifying serious imbalances that affected their own economies, as recent disorders in the currency markets had shown.

65. Various changes had recently upset the transfer of resources to a considerable number of developing countries. A good part of the mobilized funds had been attracted by an unusual disparity in interest rates. Most of that

(Mr. Jaramillo, Colombia)

capital had been transferred in the form of short-term financial investments, and its stability was thus precarious. That uncertainty, along with the existence of grave monetary and financial imbalances, the absence of effective policies directed at stimulating economic recovery in developing countries, the increasing loss of revenues caused by the fall in the prices of the principal commodities and the heavy burden that debt-servicing imposed on low-income countries, were some of the principal factors that justified the convening of an international conference on the financing of development.

66. The complexity of the situation called for solidarity of all countries. The United Nations was the most appropriate forum for considering the financing of development in an integrated manner. Unless the requisite financial resources were mobilized on a steady basis, peace and security could be gravely compromised. That complex question called for a substantive dialogue for the purpose of formulating viable mechanisms by means of which developing countries could meet their growing needs. Many of them had undertaken significant reforms of their economies, which required additional resources from industrialized countries as well as the creation of innovative coordination mechanisms for the financing of development. The Economic and Social Council should, for example, conduct a more detailed analysis of ODA, assess the results of aid-giving institutions, and open a dialogue with them. It was also crucial to explore potential new sources of funding. The peace dividend and the freeing of resources resulting from the elimination of agricultural subsidies in developed countries were two examples of such new possibilities.

67. The Secretary-General's report on developments pertaining to the implementation of the recommendations of the report of the South Commission (A/48/350) described the recent progress made in the field of South-South economic cooperation, a top priority of both the Group of 77 and China. The area of cooperation should be accorded greater attention, as well as significantly greater financial and technical support, from the United Nations system. The Commission's report also suggested that a periodic overview should be conducted, for example, every two years, on the subject of cooperation among developing nations, to promote such cooperation and to provide information to the General Assembly.

68. The report of the South Commission dealt with macroeconomic issues in a holistic manner and contained some concrete and useful proposals on trade, finance and other matters, which the United Nations system should strive to implement. That report should also be useful in the drafting of the agenda for development.

69. Mr. VAN DE CRAEN (Belgium), speaking on behalf of the European Community and its member States, stated that they were aware of the difficulties encountered by the countries of Central and Eastern Europe and of the Commonwealth of Independent States (CIS) during that period of political, social and economic transition. Encouraging signs of economic recovery were none the less apparent in those countries where the reforms were farthest advanced.

70. Technical assistance should be provided to countries in transition to assist them in facing the demands of competition and the market economy. While for the most part those countries abounded in human potential, their resources

(Mr. Van De Craen, Belgium)

were often poorly used or ill-adapted to the demands of the modern world owing to inadequate production capacity and to sectoral, technological and institutional delays carried over from the past. They also needed to establish a stable legal structure to sustain economic and social reforms. The Community therefore planned to pursue its technical cooperation with its Eastern partners and to promote exchanges of goods and capital, especially in the form of private investments. However, such a transfer of resources could only be fruitful within a context of social stability and economic integration encompassing all of Europe. It was in that spirit that the Community had concluded partnership agreements with the Visegrad countries, designed to improve the latter's access to its markets; those agreements had already helped to strengthen commercial ties with the Community. So-called "first generation" cooperation agreements had also been concluded with Albania, Slovenia and the Baltic countries. Furthermore, the Community was involved in negotiations with Russia and other CIS countries, in particular Ukraine, Belarus and Kazakhstan, with a view to concluding partnership agreements. Those negotiations represented a re-affirmation of the Community's commitment to aiding in the transition to democracy, and to ensuring that CIS countries should be fully integrated into the world economic and political system.

71. Apart from formal instruments (agreements and treaties), the European Community had been implementing large-scale assistance programmes, such as the programme of technical assistance to the CIS, which had been providing substantial support for economic reforms undertaken by the countries of the former Soviet Union. It should be pointed out that since 1991 the Community had provided 68 per cent of total assistance to the former Soviet Union, in the amount of 53 billion ECUs.

72. The Community had established the PHARE programme on behalf of the countries of Central and Eastern Europe, the objective of which was to support the transition process, chiefly in the form of technical assistance. Thenceforth that programme would focus more on support for investments and infrastructure.

73. The countries in transition had experienced considerable internal shocks when they began to introduce reforms. In view of the policy of self-sufficiency among the countries of the former Council for Mutual Economic Assistance (CMEA) such measures had not involved major changes in the world economy. Outside the CMEA those countries had accounted for a small part of world trade and had not played an active role in the financial markets. The reforms had therefore not had much effect on the economic development of developing countries, with the exception of a small number with which they had close ties. For those few the changes that had taken place in the eastern part of Europe had caused huge disruption. Some of them had none the less managed to recover, but others still faced serious problems of adaptation. It was therefore important that the countries in transition should establish new trade links with developing countries.

74. The European Community welcomed the progress accomplished in the reform policies of a growing number of countries in transition and it would actively support all the measures taken to integrate them into the world economy.

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75. Mr. BELHIMEUR (Algeria) recalled that over 10 years had passed since the first stabilization programmes had been launched in the third world. The hopes they had raised had unfortunately not been realized.

76. At the beginning of the 1980s deregulation, trade liberalization and the privatization of public enterprises had been considered a panacea. The role of the State in economic management had been downgraded and there had been a general movement to transfer ownership to the private sector. The Secretary-General in his report on the matter (A/48/380), however, had said that the advocacy of privatization should be sensitively balanced and that the transfer of ownership of enterprises would not in itself guarantee efficiency. He had also said that liberalization unless accompanied by complementary measures could lead to the disappearance of domestic industries.

77. Such a result was clearly not what the developing countries had in mind; they wanted to restore their economic fabric in order to meet the aspirations of their populations. The social dimension of such programmes, including their repercussions on the most vulnerable sections of society, had also been recognized. The Secretary-General's report, meanwhile, had noted that the idea of providing developing countries with additional funds had not met with enthusiasm among donor countries.

78. The success of the adjustment programmes operating in developing countries depended on external factors beyond their control, including the economic situation in the developed countries. The forecasts given in World Economic Survey, 1993 did not inspire optimism in that regard. The world economy would continue to show modest results and there would be little likelihood of international trade absorbing products coming from developing countries; the developed countries, anxious to preserve their own balance, did not seem to be prepared to set aside protectionist measures and the financial markets would continue to be uncertain.

79. However, all peoples shared a common destiny, whether they belonged to developed societies or to developing ones; given that solidarity of interests, there was no alternative to genuine cooperation and constructive dialogue between the industrialized countries and the third world. The former should realize that their prosperity depended on that of their neighbours in the South and should adopt macroeconomic policies which at the very least did not impede the efforts of third world countries to achieve sustainable development.

80. It was clearly expected that developing countries would manage their meagre resources rationally by pursuing consistent growth-oriented policies and that they would profit from the potential offered by South-South cooperation. In that regard the report of the South Commission was extraordinarily useful as a guide to developing countries in their attempts to develop their economic potential jointly on the basis of individual and collective autonomy. The programme of action proposed by the Commission held out some hope because it suggested that the third world could meet the challenges of development by constructing a system of genuine interdependence. In that context he was glad to note that certain things had been established. Developing countries were becoming aware of the need to promote South-South cooperation. Mechanisms of regional and subregional integration had been established in Africa, Asia and Latin America in various fields.

(Mr. Belhimeur, Algeria)

81. The success of the South Commission's programme would, however, depend on an improvement in the world economic situation, to be achieved by eliminating constraints on growth in third world countries and greater solidarity among the international community.

82. Mr. BOTEZ (Romania) said that despite the numerous obstacles that had been encountered the process of transition was still on course and almost all the former socialist countries considered it irreversible. But it could be safely concluded from their experience to date that there was no panacea.

83. Like all the countries of Eastern Europe, Romania was in a state of transition. In 1989 the country's economic situation had been particularly critical. The fall of the communist dictatorship in that year had opened the way to democracy and prosperity. An overall economic reform programme was in progress. The Government, deeming it important to establish a dialogue with the people in order to explain the methods and aims of such measures and to obtain their full support, was attempting to minimize the social costs of transition. Reform and economic transition were not considered to be matters that concerned the Government alone; the whole of society was involved. The authorities could not impose anything by decree, they could only create a favourable climate for entrepreneurs and businesses and, perhaps encourage them.

84. The world economy was generally represented as a dialogue or a game between various partners and agents. Integration into the world economy really meant being drawn into world economic dialogue; every participating economy both asked for and offered to its partners the possibility of engaging in mutually beneficial trade. It was a process of reciprocal adjustment ruled by cost-benefit analysis, which alone could guide economic decisions.

85. Through such an approach it was possible to avoid the two extremes, namely either viewing the world economy as a distinct entity, in which case integration was assumed to require efforts only on the part of the country in transition to integrate itself into that entity or, conversely, viewing the economy in transition as the entity, and expecting the world economy to make room for the newcomer. The first approach involved the risk of neglecting the potential of the country in transition, which was obliged to submit to the demands of the world market, while the second implied that countries in transition expected unconditional aid from the industrialized world. The Romanian Government considered that the right way to integrate an economy in transition into the world economy was somewhere in between.

86. The possibilities for countries in transition to be integrated into the world economy were on the increase and the chances of finding appropriate forms for such integration were also improving. The opening up of markets in the industrialized countries could therefore become an important factor in the progress of countries in transition. In business the cooperation through which economies in transition could be integrated into the world economy was determined solely on the basis of cost-benefit analyses, but such analyses generally dealt solely with monetary aspects and the short term. Viewed thus, the strategies of the industrialized world for integrating economies in transition were generally seen as costly and undertaken reluctantly as new forms of assistance. If, however, they were to add a social dimension and to look at

(Mr. Botez, Romania)

the medium or long term, then the industrial countries might discover that countries in transition were not sick and in need of charity, but real economic partners.

87. By encouraging a broader view of the cost and benefits of economic cooperation the United Nations could help to integrate the countries in transition more effectively into the world economy.

The meeting rose at 1 p.m.